

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
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**FEE AUDITOR'S FINAL REPORT REGARDING THE FORTY-NINTH AND
FIFTIETH MONTHLY APPLICATIONS AND THE FINAL APPLICATION FOR
COMPENSATION FOR SERVICES AND REIMBURSEMENT OF EXPENSES
OF JUDGE ALEXANDER M. SANDERS, JR., THE LEGAL REPRESENTATIVE
FOR FUTURE ASBESTOS-RELATED PROPERTY DAMAGE CLAIMANTS**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Forty-Ninth and Fiftieth Monthly Applications and the Final Application for Compensation for Services and Reimbursement of Expenses of Judge Alexander M. Sanders, Jr., the Legal Representative for Future Asbestos-Related Property Damage Claimants (the “Applications”).

BACKGROUND

1. Judge Alexander M. Sanders, Jr. (“Judge Sanders”), was retained as the Legal Representative for Future Asbestos-Related Property Damage Claimants. In the Applications, Judge Sanders seeks approval of fees and expenses as follows: fees totaling \$13,410.00 and no expenses for his services from January 1, 2014 through January 31, 2014 (the “Forty-Ninth Monthly Application”); fees totaling \$5,670.00 and expenses totaling \$1,663.30 for his services from February 1, 2014 through February 28, 2014 (the “Fiftieth Monthly Application”); and final approval

of fees totaling \$319,345.00¹ and expenses totaling \$19,006.73² for his services from September 22, 2008 through February 4, 2014 (the “Final Application Period”).

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Applications in their entirety, including each of the time and expense entries included in the exhibits to the Applications, for compliance with 11 U.S.C. § 330, Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2014, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. §330, Issued January 30, 1996 (the “U.S. Trustee Guidelines”), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We have no issues with, or objections to, the Application, and thus we did not send an initial report to Judge Sanders.

DISCUSSION

January 2014 Monthly Application

¹We note that the total of the fees requested in Judge Sanders’ 21 prior fee applications, plus the compensation sought in the January 2014 and February 2014 Monthly Applications, is \$319,940.00. It appears that Judge Sanders has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 8, to arrive at the figure he seeks of \$319,345.00. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

²We note that the total of the expenses requested in Judge Sanders’ 21 prior fee applications, plus the expenses sought in the January 2014 and February 2014 Monthly Applications, is \$19,250.51. It appears that Judge Sanders has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 8, to arrive at the figure he seeks of \$19,006.73. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

3. We have no issues with, or objections to the fees and expenses in Judge Sanders' January 2014 Monthly Application.

4. Thus, we recommend approval of \$13,410.00 in fees for Judge Sanders' January 2014 Monthly Application.

February 2014 Monthly Application

5. We have no issues with, or objections to the fees and expenses in Judge Sanders' February 2014 Monthly Application.

6. We note that included in Judge Sanders' February 2014 Monthly Application are fees totaling \$1,350.00 and expenses totaling \$50.00 which were incurred after February 3, 2014, the Effective Date of the debtors' plan of reorganization. Because these fees and expenses were incurred after the Effective Date, they are beyond the scope of our review. We therefore offer no opinion or recommendation concerning these post-Effective Date fees and expenses in this report.

7. Thus, we recommend approval of \$4,320.00 in fees (\$5,670.00 excluding \$1,350.00 in post-Effective Date fees) and \$1,613.30 in expenses (\$1,663.30 excluding \$50.00 in post-Effective Date expenses) for Judge Sanders' February 2014 Monthly Application.

Prior Interim Applications

8. We note that we previously filed the following final reports for Judge Sanders' prior interim applications, which final reports we incorporate by reference herein, and we also note the following orders that ruled on Judge Sanders' prior interim fee applications:

31st Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-First Interim Period (Docket #22047), filed on or about June 10, 2009, in which we recommended

approval of fees totaling \$13,790.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-First Period, dated July 7, 2009 (Docket #22354).

32nd Period: Fee Auditor's Final Report Regarding Fee Application of the Hon. Alexander M. Sanders, Jr., for the Thirty-Second Interim Period (Docket #22977), filed on or about August 26, 2009, in which we recommended approval of fees totaling \$27,410.00 and expenses totaling \$2,313.49, reflecting our recommended reduction of \$450.00 in fees and increase of \$8.00 in expenses, as further explained in paragraphs 3 and 4 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Second Period, dated September 28, 2009 (Docket #23352).

33rd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Third Interim Period (Docket #23927), filed on or about December 3, 2009, in which we recommended approval of fees totaling \$25,020.00 and expenses totaling \$747.20. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Third Period, dated December 11, 2009 (Docket #23996).

34th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Fourth Interim Period (Docket #24438), filed on or about March 11, 2010, in

which we recommended approval of fees totaling \$62,415.00 and expenses totaling \$3,904.58. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fourth Period, dated March 19, 2010 (Docket #24470).

35th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Fifth Interim Period (Docket #24856), filed on or about May 28, 2010, in which we recommended approval of fees totaling \$22,995.00 and expenses totaling \$1,373.21. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Fifth Period, dated June 7, 2010 (Docket #24917).

36th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Thirty-Sixth Interim Period (Docket #25384), filed on or about September 10, 2010, in which we recommended approval of fees totaling \$26,685.00 and expenses totaling \$3,022.32. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Sixth Period, dated September 13, 2010 (Docket #25397).

37th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Seventh Interim Period (Docket #25850), filed on or about December 2, 2010, in which we recommended approval of fees totaling \$8,955.00 and expenses totaling \$102.00. These

recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Seventh Period, dated December 10, 2010 (Docket #25905).

38th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Eighth Interim Period (Docket #26519), filed on or about March 9, 2011, in which we recommended approval of fees totaling \$450.00 and expenses totaling \$30.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Eighth Period, dated March 25, 2011 (Docket #26627).

39th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with No Fee or Expense Issues for the Thirty-Ninth Interim Period (Docket #27116), filed on or about June 21, 2011, in which we recommended approval of fees totaling \$6,525.00 and expenses totaling \$88.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Thirty-Ninth Period, dated June 30, 2011 (Docket #27188).

40th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fortieth Interim Period (Docket #27507), filed on or about August 25, 2011, in which we recommended approval of fees totaling \$17,955.00 and expenses totaling \$1,331.61, reflecting our recommended reduction of \$251.78 in expenses, as

further explained in footnote 13 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Fortieth Period, dated September 20, 2011 (Docket #27622).

41st Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-First Interim Period (Docket #28070), filed on or about December 2, 2011, in which we recommended approval of fees totaling \$22,455.00 and expenses totaling \$872.11. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-First Period, dated December 14, 2011 (Docket #28150).

42nd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Second Interim Period (Docket #28548), filed on or about February 20, 2012, in which we recommended approval of fees totaling \$6,840.00, reflecting our recommended reduction of \$135.00 in fees, as further explained in footnote 13 of that final report. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Second Period, dated March 23, 2012 (Docket #28705).

43rd Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Third Interim Period (Docket #28900), filed on or about May 9, 2012, in which we recommended approval of fees totaling \$2,745.00 and expenses totaling

\$30.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Third Period, dated June 14, 2012 (Docket #29054).

44th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fourth Interim Period (Docket #29449), filed on or about August 13, 2012, in which we recommended approval of fees totaling \$9,135.00 and expenses totaling \$30.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Fourth Period, dated October 19, 2012 (Docket #29746).

45th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Fifth Interim Period (Docket #29988), filed on or about December 4, 2012, in which we recommended approval of fees totaling \$21,465.00 and expenses totaling \$3,417.91. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Fifth Period, dated December 11, 2012 (Docket #30036).

46th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Sixth Interim Period (Docket #30382), filed on or about March 7, 2013, in which we recommended approval of fees totaling \$1,485.00, reflecting our recommended reduction of \$10.00 in fees, as further explained in footnote 15

of that final report. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Forty-Sixth Period, dated March 27, 2013 (Docket #30440).

47th Period: Fee Auditor's Amended Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Seventh Interim Period (Docket #30840), filed on or about July 17, 2013, in which we recommended approval of fees totaling \$5,850.00 and expenses totaling \$30.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Seventh Period, dated July 31, 2013 (Docket #30907).

48th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Eighth Interim Period (Docket #31080), filed on or about September 6, 2013, in which we recommended approval of fees totaling \$8,235.00. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Forty-Eighth Period, dated September 24, 2013 (Docket #31158).

49th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Forty-Ninth Interim Period (Docket #31404), filed on or about November 26, 2013, in which we recommended approval of fees totaling \$3,600.00 and expenses totaling \$51.00. These recommendations were adopted in the Order Approving Quarterly Fee Applications for the Forty-Ninth Period, dated December 17,

2013 (Docket #31482).

50th Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fiftieth Interim Period (Docket #31838), filed on or about March 11, 2014, in which we recommended approval of fees totaling \$2,880.00. The Court approved \$2,280.00 in fees in the Order Approving Quarterly Fee Applications for the Fiftieth Period, dated March 11, 2014 (Docket #31963).

51st Period: Fee Auditor's Combined Final Report Regarding Those Fee Applications with *De Minimis* or No Fee or Expense Issues for the Fifty-First Interim Application Period (Docket #32197), filed on or about May 13, 2014, in which we recommended approval of fees totaling \$3,375.00. This recommendation was adopted in the Order Approving Quarterly Fee Applications for the Fifty-First Period, dated May 23, 2014 (Docket #32216).

9. We have reviewed the final reports and orders allowing fees and expenses for the prior interim periods, and we do not believe there is any reason to change any of the amounts awarded for the prior interim periods, except for the Fiftieth Interim Period. In the order submitted to the Court for that period, Judge Sanders' approved fees are listed as \$2,280.00, however, the correct amount of approved fees was \$2,880.00, for a difference of \$600.00. However, because Judge Sanders used the correct amount of \$2,880.00 in calculating his final fee request, no further adjustment to his final fee request is necessary to correct the error.

CONCLUSION

10. Thus, we recommend final approval of \$317,995.00 in fees (\$319,345.00³ excluding post-Effective Date fees of \$1,350.00)⁴ and \$18,956.73 in expenses (\$19,006.73⁵ excluding post-Effective Date expenses of \$50.00)⁶ for Judge Sanders' services for the Final Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.



By: _____

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FEE AUDITOR

³We note that the total of the fees requested in Judge Sanders' 21 prior fee applications, plus the compensation sought in the January 2014 and February 2014 Monthly Applications, is \$319,940.00. It appears that Judge Sanders has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 8, to arrive at the figure he seeks of \$319,345.00. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁴See paragraph 6.

⁵We note that the total of the expenses requested in Judge Sanders' 21 prior fee applications, plus the expenses sought in the January 2014 and February 2014 Monthly Applications, is \$19,250.51. It appears that Judge Sanders has deducted from this amount all of the reductions ordered by the Court for the prior periods, which periods are discussed in more detail in paragraph 8, to arrive at the figure he seeks of \$19,006.73. We note that the Court has ruled on the First through Fifty-First Interim Periods, but no ruling has been made on the Fifty-Second Interim Period.

⁶See paragraph 6.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 29th day of July, 2014.

A handwritten signature in blue ink, appearing to read "W. H. Smith", is positioned above a horizontal line.

Warren H. Smith

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